ANCHOR RESOURCES LIMITED
(Company Registration No.: 201531549N)
(Incorporated in the Republic of Singapore on 12 August 2015)

BUSINESS UPDATE

The board of directors (the "**Board**") of Anchor Resources Limited (the "**Company**" and together with its subsidiaries, the "**Group**") refers to the Company's announcements dated 27 June 2016, 7 March 2017, 29 March 2017, 13 April 2017, 18 May 2017, 30 June 2017, 1 August 2017, 21 August 2017, 25 October 2017, 6 November 2017 and 26 December 2017 in relation to, *inter alia*, the matters set out below (the "**Previous Announcements**").

Unless otherwise defined, all capitalised terms used herein shall bear the meanings ascribed to them in the Previous Announcements.

Further to the Previous Announcements, the Board wishes to update the shareholders of the Company (the "**Shareholders**") of key highlights of the Company's implementation of business strategy to improve its overall business, operational and financial performance.

Implementation of mining strategy in underground mining

The Company had previously through its wholly-owned subsidiary, Angka Alamjaya Sdn. Bhd. ("**AASB**"), entered into a mining co-operation agreement dated 14 August 2015 with Sinomine Resource Exploration Co., Ltd ("**Sinomine**"), pursuant to which Sinomine was engaged to redevelop the existing open pits and carry out, *inter alia*, hard rock gold mining, processing and smelting works at the Group's Lubuk Mandi Mine (the "**Lubuk Mandi Mine**"). The Group had made the strategic decision to focus its mining strategy from open pit mining to underground mining in order to improve the efficiency and productivity of its gold mining and processing in the Lubuk Mandi Mine. Accordingly, AASB and Sinomine mutually agreed to terminate their agreement on 18 May 2017.

Thereafter, as part of this new direction in the Group's business strategy, AASB had also, on 18 May 2017 entered into a mining agreement ("**Mining Agreement**") with Great Aims Resources Sdn. Bhd. ("**GAR**"), pursuant to which GAR is engaged to carry out gold mineral underground mining works at the Lubuk Mandi Mine. In consideration of the services provided by GAR pursuant to the Mining Agreement, the revenue (net of all tributes and royalty payments) generated from sale of gold produced in connection with the Mining Agreement shall be distributed between GAR and AASB on a 65:35 basis, and the underground mining capital and operating expenditures shall be borne by GAR.

GAR has completed installation of the first batch of equipment and has commenced its testing and commissioning of such equipment using existing ore. Further, it is expected that GAR will complete the building of the underground tunnel at the Lubuk Mandi Mine by end of March 2018 and commence underground mining thereafter.

Exportation of semi-processed gold concentrated ore

In order to improve its overall business and financial performance, the Group had also embarked on exporting semi-processed gold concentrated ore. The method of underground mining for production of semi-processed gold concentrated ore is a form of targeted area mining which results in improvement in the efficiency and productivity of gold mining and processing through reduction in wastage, operating costs and turnaround time. Pursuant to this, the Company had through AASB, entered into separate memorandums of understanding (the "**MOUs**") with two China companies, being Beijing Fuhaihua Import & Export Corp. Ltd. ("**BFIE**") and Tianjin Universal-Link Enterprise (Overseas) Limited, for the export of semi-processed gold concentrated ore on 25 October 2017 and 6 November 2017 respectively.

AASB subsequently obtained export approvals for semi-processed gold concentrated ore from the Ministry of Natural Resources and Environment of Malaysia (Kementarian Sumber Asli Dan Alam Sekitar), being the first company in Malaysia to hold such approvals. The Board now wishes to update the Shareholders that further to the MOUs, AASB and BFIE have entered into a sale and purchase agreement dated 23 January 2018 with the first shipment of semi-processed gold concentrated ore is expected to be exported on or around the end of January 2018.

Diversification of business through acquisition of GGTM Sdn. Bhd. ("GGTM")

As previously announced, the Group had also completed its acquisition of GGTM in August 2017. The purpose of the acquisition was to diversify into the new business of mining and quarry extraction of dimension stone granite as well as architectural stone and interior fit-out, from the Group's existing business of exploration, mining and production of gold for sale in Malaysia. Such acquisition would diversify the Group's revenue sources between the mineral resources of gold and dimension stone granite in the Malaysia and also improve the Group's business and financial performance.

The Company will keep Shareholders updated as and when there are material developments to the above matters.

By Order of the Board
ANCHOR RESOURCES LIMITED

Lim Chiau Woei
Managing Director

23 January 2018

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*This announcement has been prepared by Anchor Resources Limited (the "**Company**") and its contents have been reviewed by the Company's sponsor, UOB Kay Hian Private Limited (the "**Sponsor**") for compliance with the Singapore Exchange Securities Trading Limited ("**SGX-ST**") Listing Manual Section B: Rules of Catalist. The Sponsor has not verified the contents of this announcement.*

This announcement has not been examined or approved by the SGX-ST. The Sponsor and the SGX-ST assume no responsibility for the contents of this announcement, including the accuracy, completeness or correctness of any of the information, statements or opinions made or reports contained in this announcement.

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